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*Testo del comunicato*

Vedi allegato.

Media release as at July 22, 2022

Interim report of BB Biotech AG as at June 30, 2022

## First signs of increased M&A activity due to attractive valuations

**The second quarter was distinguished by a difficult macroeconomic environment and, particularly, by stubbornly high inflation. The broad market corrections that began earlier in the year continued. Biotech stocks, as measured by the Nasdaq Biotech Index, reported a loss of 9.8% in USD. There were some initial signs of a pickup in M&A activity in June, which helped the sector claw back some lost ground late in the quarter. This can be viewed as a sign that the sell-off in stock markets has gone too far and that the biotechnology sector is currently undervalued. BB Biotech ended the second quarter with a total return of -12.5% in CHF and -10.9% in EUR. The total return for the portfolio was -8.6% in CHF, -6.7% in EUR and -11.7% in USD. Consequently, the net loss for the second quarter of 2022 was CHF 233 mn compared to a net gain of CHF 129 mn for the same period in 2021. Despite the clearly risk-off sentiment in the broader investment community, the companies in BB Biotech's portfolio reported many important R&D milestones, including late-stage clinical trial results.**

Macroeconomic topics remained center stage in the second quarter. The correction on the stock markets hit growth stocks the hardest and spilled over to broad indices such as the S&P 500, which had its worst first half year since 1970. The geopolitical and economic implications of the Russian invasion of Ukraine have become more obvious – especially for energy and food supply. The COVID-19 pandemic has flared up again. The novel sub-variants of SARS-CoV-2 Omicron, BA.4 and BA.5, are rapidly spreading worldwide and hospitalizations are increasing once more, although death rates are stable for now. The pandemic is far from over and researchers, healthcare systems, and government agencies need to remain highly vigilant.

The MSCI World Health Care Index, which had been relatively stable during the first quarter, retreated in the second quarter. Despite glimpses of resilience in June, the total return for the quarter was negative (-7.1% in USD). The biotechnology sector as measured by the Nasdaq Biotechnology Index NBI posted a similar quarterly loss (-9.8% in USD). As witnessed on occasion in the past, biotechnology companies with marketed products and favorable pipeline updates held up better than others. IPO activity and capital raising transactions were almost non-existent in the biotech sector until a few M&A deals were announced in June, which led to a late-quarter upswing in sector performance. More transactions by large biopharma companies are anticipated, but these are more likely to be licensing deals rather than outright acquisitions. The corrections in biotech markets and the disadvantaged position of some biotech firms may enable more bargain hunting by private equity players as the markets recalibrate in 2022–2023.

### **BB Biotech's performance for the second quarter and first half of 2022**

For the second quarter of 2022, BB Biotech shares' total return was -12.5% in CHF and -10.9% in EUR. Alongside benchmarks, and with the slight appreciation of the USD versus the CHF and EUR, the total return for the portfolio in the second quarter of 2022 was -8.6% in CHF, -6.7% in EUR and -11.7% in USD. Consequently, the net loss for the second quarter of 2022 was CHF 233 mn compared to a net gain of CHF 129 mn for the same period in 2021. In the first half of 2022, the total return for BB Biotech shares including the CHF 3.85 dividend per share stood at -22.4% in CHF and -18.6% in EUR. The total return for the portfolio was -16.8% in CHF, -13.8% in EUR and -20.5% in USD. This resulted in a net loss of CHF 533 mn compared to a net gain of CHF 349 mn in the prior-year period.

### **Investment level virtually unchanged**

At the end of the second quarter, the investment level was 113.2%, close to the level at the end of the first quarter and within the normal guidance range of 95%-115%. The liquidation of BB Biotech's position in Radius Health following that company's acquisition by private equity firms Gurnet Point Capital and

Patient Square Capital in the third quarter will produce a cash inflow of approximately USD 90 mn on a pro forma basis.

### **Second-quarter portfolio activity**

A new position was opened in June 2022. Celldex is a clinical-stage company developing treatments for inflammatory and allergic conditions and is an attractive addition to BB Biotech's existing investments in the field of autoimmune disease treatment. BB Biotech's position in Nektar Therapeutics was liquidated during the second quarter. Bempegaldesleukin (peg-IL2) in combination with Opdivo failed to achieve clinical benefit for unresectable or metastatic melanoma renal cell carcinoma or bladder cancer.

### **Many portfolio companies reach new milestones**

Despite the challenging market environment, portfolio companies achieved many important milestones: for instance, Ionis and its partner AstraZeneca reported positive interim data for the NEURO-TTRansform Phase III study of eplontersen, in patients with hereditary transthyretin mediated amyloid polyneuropathy (ATTR-PN). Regulatory approval by year-end 2022 is realistic. Argenx announced positive Phase III data for Vyvgart in patients with immune thrombocytopenia (ITP). Vyvgart, a fragment of an IgG antibody, is already approved for patients with myasthenia gravis. Vertex and its partner Crispr Therapeutics, both current portfolio companies, presented additional data for their gene-edited autologous cell therapy – exagamglogene autotemcel (exa-cel) – in patients with transfusion-dependent beta thalassemia or severe sickle cell disease. Moderna showed that its bivalent booster mRNA vaccine mRNA 1273.214 achieved potent neutralizing antibody responses against the new Omicron sub-variants BA.4 and BA.5.

Besides these late-stage clinical trial results, many important earlier stage clinical results were reported in the second quarter. Among them were Zetomipzomib from Kezar in lupus nephritis; SAGE-718 from Sage Therapeutics in Alzheimer's disease; and bepirovirsen from Ionis/GSK in chronic hepatitis B. These and other portfolio pipeline assets are expected to advance towards registration data in the coming quarters.

BB Biotech remains focused on product launch metrics as a predictor of revenue and profits. Its investment specialists are closely monitoring Argenx's global launch for Vyvgart in generalized myasthenia gravis, which has so far been ahead of Wall Street's expectations. Intra-Cellular Therapies reported strong first quarter sales for Caplyta, which was approved for bipolar depression in late 2021. Moderna reported strong first-quarter sales of USD 6.1 bn for Spikevax, guided for lower second-quarter sales but maintained its projection of USD 21 bn (excluding US government orders for fall 2022 boosters) for the full year 2022. The dynamics of COVID-19 vaccine sales projections remain fluid given the potential emergence of new strains and a range of potential late 2022-2023 ordering patterns from most countries.

### **Outlook for the second half of 2022**

The remarkable success of vaccines has demonstrated the astonishing value of biotechnology beyond all doubt. That general perception is not set to change either, given the ongoing developments in connection with COVID-19 and the very positive news flow in other therapeutic areas and technology applications seen during the second quarter of 2022, which will be sustained going forward. Overall, BB Biotech expects deals in the biotech sector to pick up during the second half of the year with a likely preference for licensing over M&A deals. Nevertheless, large pharmaceutical companies remain on the hunt for future revenues to replace the current streams of marketed products that will dry up when their patents expire. Therefore, BB Biotech's experts have not ruled out the potential for an increase in M&A over the coming year or beyond.

The biotechnology sector has had a very difficult six months of valuation declines and negative sentiment. This environment offers considerable opportunities. BB Biotech's strategy remains focused on high-quality companies with leading technologies, great leadership and management teams, and execution plans that offer real advances for patients and healthcare systems. The current widespread risk aversion is not warranted. The portfolio management team remains focused on biotech companies with or on the cusp of sustained top- and/or bottom-line growth, or that are undervalued. It will also continue to make selective new investments in public and private biotech companies. BB Biotech sees a bright future ahead



for patients, for healthcare systems, for entrepreneurs and for investors – and expects to both help shape it and benefit from it on behalf of its shareholders.

The quarterly report of BB Biotech AG as at June 30, 2022 can be downloaded at [report.bbbiotech.ch/Q222](https://report.bbbiotech.ch/Q222) or [www.bbbiotech.com](http://www.bbbiotech.com).

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##### Company profile

BB Biotech AG is an investment company with its registered office in Schaffhausen/Switzerland and listed on the Swiss, German and Italian stock exchanges. It has invested in innovative drug developers headquartered primarily in the US and Western Europe. BB Biotech is one of the world's largest investors in this sector. The competent Board of Directors with its long-standing experience set the investment strategy and guidelines. Investment decisions are taken by the experienced investment management team of Bellevue Asset Management AG based on their extensive investment research.

##### Disclaimer

This release contains forward-looking statements and expectations as well as assessments, beliefs and assumptions. Such statements are based on the current expectations of BB Biotech, its directors and officers, and are, therefore, subject to risks and uncertainties that may change over time. As actual developments may significantly differ, BB Biotech and its directors and officers accept no responsibility in that regard. All forward-looking statements included in this release are made only as of the date of this release and BB Biotech and its directors and officers assume no obligation to update any forward-looking statements as a result of new information, future events or other factors.

## Composition of BB Biotech's portfolio as of June 30, 2022

(in % of securities, rounded values)

Ionis Pharmaceuticals	11.8%
Argenx SE	11.5%
Neurocrine Biosciences	9.1%
Vertex Pharmaceuticals	9.0%
Moderna	7.3%
Incyte	6.8%
Intra-Cellular Therapies	6.3%
Alnylam Pharmaceuticals	5.0%
Sage Therapeutics	3.2%
Radius Health	3.0%
Agios Pharmaceuticals	3.0%
Arvinas	2.9%
Fate Therapeutics	2.9%
Myovant Sciences	2.4%
Relay Therapeutics	2.2%
Revolution Medicines	2.2%
Exelixis	1.9%
Crispr Therapeutics	1.8%
Esperion Therapeutics	0.9%
Celldex Therapeutics	0.8%
Kezar Life Sciences	0.8%
Generation Bio Co.	0.8%
Beam Therapeutics	0.7%
Macrogenics	0.7%
Mersana Therapeutics	0.6%
Essa Pharma	0.5%
Wave Life Sciences	0.5%
Scholar Rock Holding	0.4%
Black Diamond Therapeutics	0.4%
Molecular Templates	0.3%
Homology Medicines	0.1%
<b>Total securities</b>	<b>CHF 2 852.4 mn</b>
Other assets	CHF 1.9 mn
Other payables	CHF (334.5) mn
<b>Net Asset Value</b>	<b>CHF 2 519.8 mn</b>

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